R.J. Reynolds Tobacco Company

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N. Y. Metro Region
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May 5, 1998

To: All N. Y. Metro Region Managers

Subject: Volume Contract Exception Report

Dear Managers:

During the latter half of 1997 we placed a heavy emphasis on ensuring that our contracts fell within the proper grids. The volume contract exception report is a tool that was developed to assist us in this process. Since the inception of this report, everyone has done a nice job of getting our contracts in line with the proper grids. Any accounts that remained as exceptions by November 30, 1997 were documented as to the reason for exception.

Our contractual universe is a moving target and must be consistently monitored. All DM's receive a copy of the contract exception report on a monthly basis as part of our Division recap books. The KAM's will also be receiving this report on a monthly basis. This report must be reviewed each month to ensure accuracy.

I will need a response back from each DM and KAM as to the reason for any account being off by 2 or more grids on a monthly basis. ***This response is due back to me by the 15th of each month.*** Once an exception is explained, there is no need to continue explaining on a monthly basis if the account will remain off grid. These situations should truly be exceptions as we should strive to have all contracts signed to the proper grid. Competitive situations that force us to increase RDA's above the appropriate grid should be handled through the use of enhancements vs. grid jumping.

It is imperative that all Rep's accurately reflect the SIS industry as well as SIS RJR volume in *every* call. Don't adjust volumes to hit the grid. Adjust the contract to match the appropriate volume. Any and all exceptions should be matched against the quarterly pay register to ensure that we are getting what we pay for.

Effective use of resources is a job accountability of each and every one of us.

Thank you for your assistance in this matter.

Sincerely,

Mike

cc: M. A. Young
A. Cullip
D. Michels - Internal Audit

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Source: https://www.industrydocuments.ucsf.edu/docs/mmwy0000